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## **Georgia Department of Community Health Board of Community Health, Audit Committee Required Communication – Executive Summary September 11, 2008**

As part of our procedures related to the audit of the **Georgia Department of Community Health** for the year ended June 30, 2008, we are required to implement Statements on Auditing Standards No. 114, *Communication With Those Charged With Governance*, which provides guidance on required communication between auditors and those charged with governance. In accordance with best practices and these requirements, we offer the following executive summary of the attached detailed letter.

### **Auditors' Responsibilities:**

- We have been engaged to audit the financial statements of the **Georgia Department of Community Health** as of and for the year ended June 30, 2008.
- Our independence policies and procedures are designed to provide reasonable assurance that our firms and their respective personnel comply with applicable professional independence standards.
- The objective of our audit is the expression of opinions as to whether the **Georgia Department of Community Health's** basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.
- Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.
- Our audit will include obtaining an understanding of the **Georgia Department of Community Health** and its environment, reporting on internal control related to the financial statements as well as compliance with major programs, laws, regulations, and the provisions of contracts or grant agreements. However, an audit is not designed to provide assurance on internal control or to identify significant deficiencies. Accordingly, we express no such opinion.
- We will plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Our audit approach places a strong emphasis on obtaining an understanding of how the **Georgia Department of Community Health** functions which enables us to identify key audit components and tailor our procedures to the unique aspects of the **Georgia Department of Community Health**.
- We will obtain an understanding of internal control to assess the impact of internal control on determining the nature, timing and extent of tests of controls and substantive procedures necessary given the risks we identify and the controls as we understand them.

- We will establish an overall materiality limit for audit purposes which will be viewed as the maximum aggregate amount of misstatements, which if detected and not corrected, would cause us to modify our opinion on the basic financial statements. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us.
- Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs.

### **Management Responsibilities**

- Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Our audit of the basic financial statements does not relieve the Georgia Department of Community Health's management or the Board of Community Health, of their responsibilities related to the financial statements.
- Management is responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of Federal awards, and related notes, and for accepting full responsibility for such decisions. Further, Management will be required to acknowledge in a management representation letter that they have reviewed and approved these reports.
- Management, with oversight of the Board of Community Health is responsible for establishing and maintaining internal controls, including monitoring ongoing activities as well as for the selection and application of accounting principles used in the financial statements.
- Management, with oversight of the Board of Community Health is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known, suspected fraud or allegations of fraud affecting the **Georgia Department of Community Health**.
- Management is responsible for making all financial records and related information available to us.
- Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in a representation letter that the effects of any uncorrected misstatements aggregated by us are immaterial.
- Management is responsible to follow-up and take corrective action on reported audit findings

Effective two-way communication between our auditors and the Board of Community Health's Audit Committee is important to understanding matters related to the audit and in developing a constructive working relationship. Your insights may assist us in understanding the **Georgia Department of Community Health** and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We expect that you will timely communicate with us any matters you consider relevant to the audit including any areas where you request additional procedures to be undertaken. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

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